

- Topics:
 - Minimum Period of Performance
 - Roles and Responsibilities
 - Performance Management Cycle
 - Building Blocks of Performance Management
 - Performance Based Pay
 - Challenging the Rating of Record

- Employees must be employed in an NSPS position and performing under an approved NSPS performance plan for 90 days during the current appraisal period
- Employees who have performed the minimum period will be issued a rating of record.
- Exceptions
 - In cases of administrative error rating period may be extended beyond standard cycle.



Appendix Specially Situated Employees

- Payout policies relative to employees who do not meet the minimum period of performance during the appraisal period.
 - Employees performing military service
 - Employees absent due to work related injury
 - Employees performing union activities

- General roles and responsibilities at SC400.4.
 - Performance Review Authority
 - Pay Pool Managers
 - Pay Pool Panel
 - Supervisors
 - Employees
- More specific guidance at SC400.10.

- Performance Review Authority:
 - Oversees multiple pay pools
 - Addresses issues that cross pay pools
 - Oversees the civilian pay-for-performance budget
 - Ensures in-house budget discipline
 - Participates in administrative reconsideration process
 - Additional

- Pay Pool Manager:
 - Serves as final authorizing official for rating of record and payout
 - Ensures that only qualified raters issue recommended ratings
 - Ensures that communication and notification requirements are completed on a timely basis
 - Additional

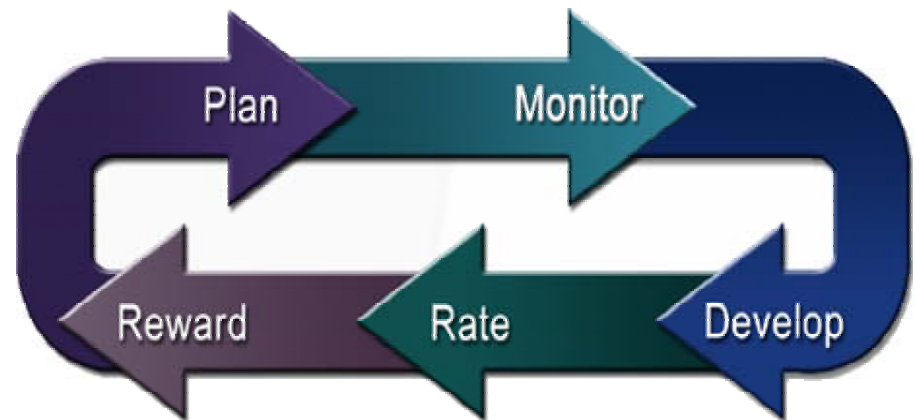
- Pay Pool Panel:
 - Review recommended ratings, share assignments and payout distribution
 - Ensure equity and consistency in the rating and payout procedures
 - Additional

- Supervisor:
 - Clearly communicating performance expectations and holding employees responsible for accomplishing them
 - Developing written performance objectives reflective of expected accomplishments and contributions for the appraisal period
 - Recommending a rating of record, number of shares and payout distribution (if qualified rater)
 - Additional

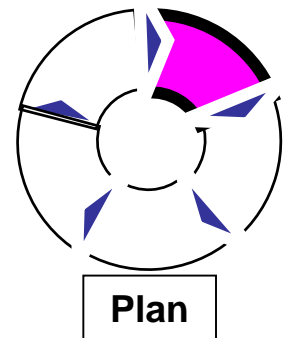
- Employee:
 - Engages in dialogue with supervisors to develop performance expectations
 - Records accomplishments and results throughout the appraisal period
 - Participates in the annual performance assessments
 - Additional

The Performance Management Cycle

- Performance management cycle: Oct. 1 – Sept. 30
- Framework of the policy follows the cycle
 - Setting performance expectations
 - Monitoring employee performance
 - Developing employees
 - End of year performance assessment
 - Rating methodology
 - Rewarding performance



- Performance expectations expressed in writing
- Supervisors and employees work together to:
 - Identify job objectives
 - Identify developmental needs
- Establish expectations of performance using the framework of:
 - Job Objectives
 - Standard Performance Factors,
 - Benchmark Descriptors



Expectations Link to Mission

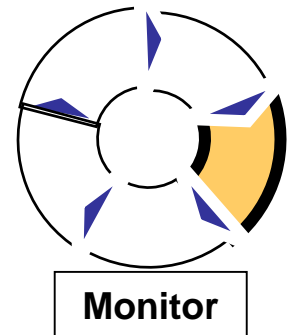
- Supervisors and employees identify results-oriented job objectives, aligned to mission
- Job objectives will reflect the job expectations, duties, and responsibilities for the encumbered position.
- The performance plan establishes the framework by which to:
 - Identify potential developmental needs
 - Monitor performance
 - Engage in ongoing dialogue



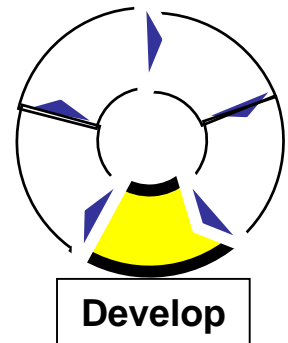
- Performance Management
 - Setting the plan
 - Interim Review
 - Dialogue and feedback throughout the year
 - End of year rating assessment

- Pay Pool Management
 - Pay pool composition
 - Pay pool panel membership
 - General pay pool policies
 - Factors considered for share assignment

- On Going Feedback and Dialogue
 - Acknowledge accomplishments
 - Reinforce positive behaviors
 - Anticipate and address difficulties, and remedy shortfalls
- Interim Review
 - Required at least once during the performance management cycle; should be informative and developmental
 - Check progress towards objectives, making necessary adjustments

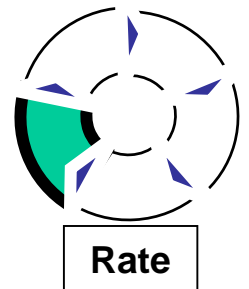


- Employee Development:
 - Meaningful performance-related discussion
 - Mentoring, coaching
 - Classroom training
 - Participation in process improvement teams
 - Details/reassignments



- Performance deficiencies:
 - May be addressed at any time during the appraisal period
 - May be addressed through a range of options including:
 - Remedial training
 - Improvement period
 - Reassignments
 - Adverse action

- Assessing the Performance of Supervisors
 - Appendix Qualified Rating Official
- Employee Self-Assessment
- Supervisory Assessment of Employees
- Early and Special Purpose Ratings



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- Performance expectations for supervisors at every level will include assessment and measurement of how well they plan, monitor, develop, correct, and assess subordinate employees' performance in accordance with this subchapter.

- Qualifications:
 - Appropriate training and/or experience
 - Demonstrate acceptable execution of performance management duties
 - Additional standards
- Pay Pool Managers will authorize in writing that each rating official is qualified
- Authorization may be suspended

- An opportunity to describe accomplishments related to performance expectations, job objectives, Standard Performance Factors, organizational mission, team, goals, etc.
- Provides the supervisor with the information to evaluate the employee's performance.
- To facilitate completing the self-assessment, employees are encouraged to maintain a record of their performance throughout the appraisal period.

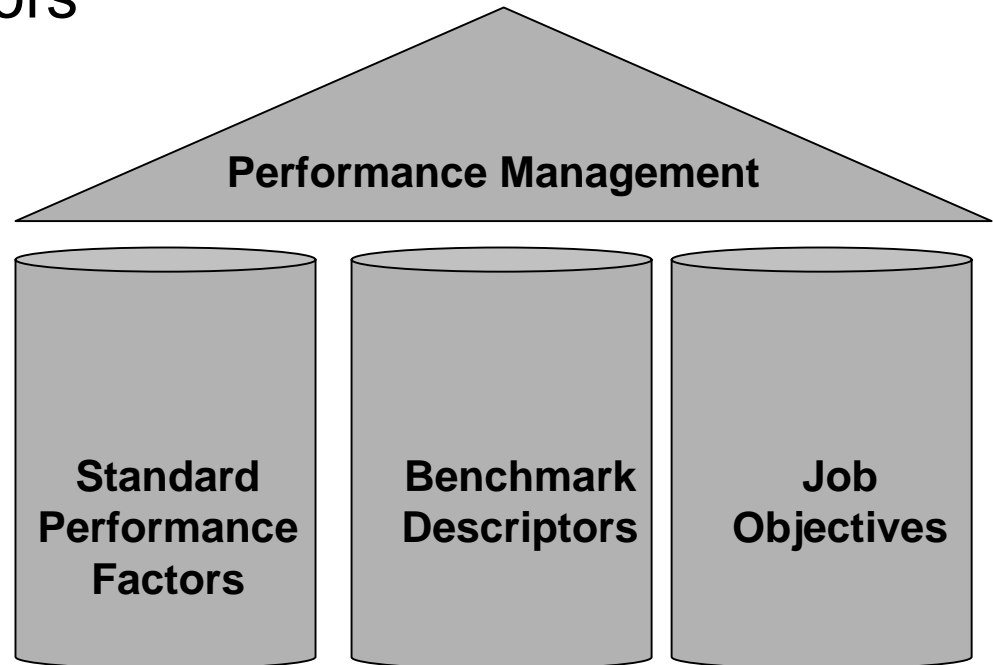


Supervisor Assessment of Employees

- Supervisor (or rating official if different):
 - Prepares narrative assessment of employee performance, contributions and accomplishments relative to performance expectations
 - Recommends rating of record share allocation and payout allocation

- Early Annual Recommended Rating of Record
 - Within 30 days of the close of the appraisal period
- Special Purpose Rating of Record
 - Does not affect current pay
 - Applies to employees with a rating of record Level 1 who improve performance
 - Becomes the current rating of record for the remainder of the appraisal period
 - Follows procedures established for annual rating of record
 - Occurs during the appraisal period

- **Standard Performance Factors:**
Standardized across DoD;
Defined by work behaviors
- **Benchmark Descriptors:**
4 standard sets;
Guide raters to level of performance
- **Job Objectives:**
Jointly developed;
Reflect job requirements



Standard Performance Factors

Provide general attributes of job performance which are defined by work behaviors.

- **Technical Proficiency**
- **Critical Thinking**
- **Cooperation / Teamwork**
- **Communication**
- **Resource Management**
- **Achieving Results**
- **Customer Focus**

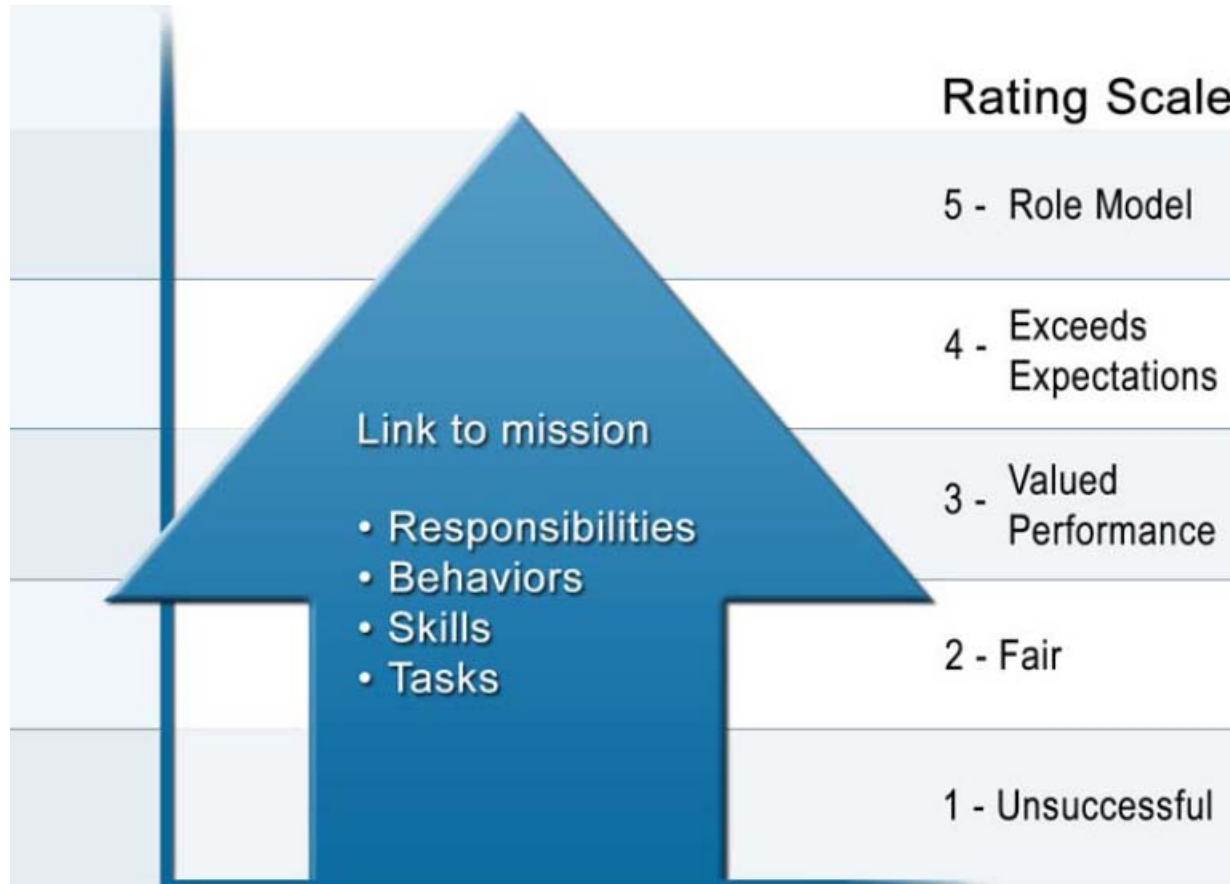
- **Leadership (applied only to Supervisors)**
- **Supervision (applied only to Supervisors)**



Sample Performance Evaluation

Rating								
Technical Proficiency	Critical Thinking	Cooperation and Teamwork	Communication	Customer Focus	Resource Management	Achieving Results	Leadership	Supervision
Benchmark Descriptors	Benchmark Descriptors	Benchmark Descriptors	Benchmark Descriptors	Benchmark Descriptors	Benchmark Descriptors	Benchmark Descriptors	Benchmark Descriptors	Benchmark Descriptors
4	4	3	3	4	4	4	4	3
Average Rating: 3.66 Recommended Rating of Record: 4								

Performance Rating Scale



- Benchmark Descriptors:
 - Further define Standard Performance Factors
 - Identify performance requirements associated with a particular level of performance
 - Used to measure, evaluate, and score each performance factor relative to the accomplishment of the employee's job objective
- Benchmark Descriptors are provided in the handout material.

Several factors that distinguish Level 3 from Level 5 performance:

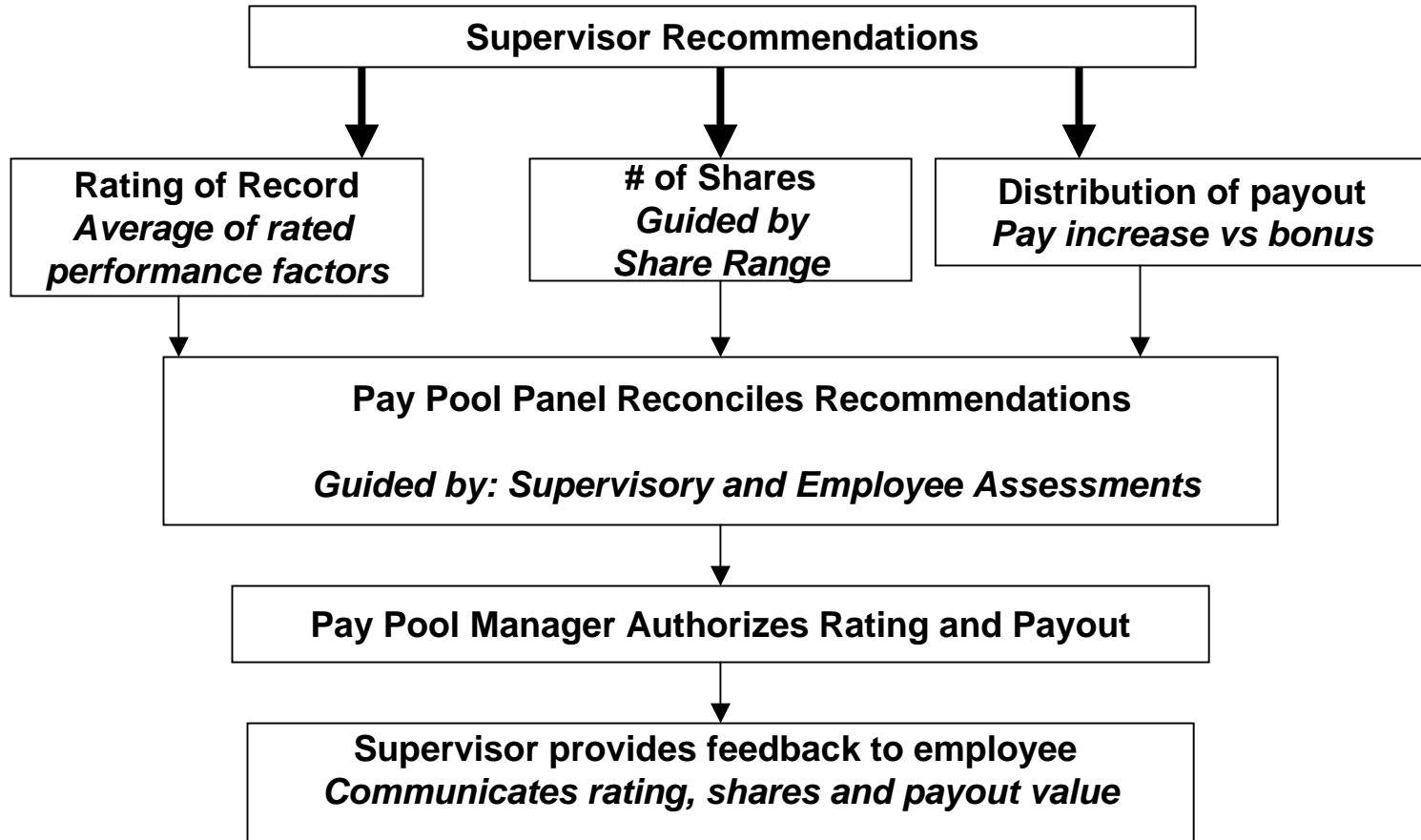
- Effort
- Complexity
- Achievement/quality of outcomes
- Independence
- Level of skill and expertise
- Motivating and modeling behavior for others

Example: Customer Focus Professional/Analytic, Level 2

Valued Performance	Role Model
<p>Maintains regular contact with customers to gather information about their requirements and needs and delivers timely, flexible and responsive products and/or services to meet those needs.</p> <p>Discusses expectations with customers to ensure mutual understanding and acceptance; keeps customers and relevant others informed of progress, issues and/or problems that could impede progress and suggests workable solutions.</p> <p>Responds to questions or requests from customers in a timely manner</p>	<p>Additions at the Role Model level: Develops innovative and useful suggestions for designing and adapting customer-focused products and/or services</p> <p>Correctly anticipates customer needs and resolves or avoids potential problems, resulting in improved overall customer satisfaction</p>

- Based on employee performance, the employee is assigned a rating from 1 to 5 on each of the Standard Performance Factors
- Ratings are averaged and rounded as follows:

Rating Level	Average Score Range
5	4.51 to 5.0
4	3.51 to 4.50
3	2.51 to 3.50
2	2.0 to 2.50



- An employee's performance payout may be paid as an increase in base salary, a bonus, or a combination of the two.

- To reward performance, assign shares according to the prescribed share range.
- Share ranges provide the opportunity to distinguish performance based on level of contribution to mission in consideration of the salary level.
- Any employee who has a performance rating level of 1 or 2 will not receive performance share payouts.

Rating Level	Share Range
5	5-6
4	3-4
3	1-2
2	0
1	0



12/01/05

SHARES

- Based on Rating
- Driven by Share Range
- Considerations may include:
 - Complexity of work
 - Overall contribution
 - Organizational success
 - Others*

Rating	# Shares
5	5 - 6
4	3 - 4
3	1 - 2
2	0
1	0

DISTRIBUTION

- Pay increases cannot exceed max of range
- Considerations may include:
 - Current salary
 - Complexity of work
 - Overall contribution
 - Organizational success
 - Local market salary levels
 - Attrition and retention Rates
 - Others*

* Share and Distribution Decisions Must Be Consistent With Merit Systems Principles

12/01/05

SECDEF Decisions (Outside Pay Pool)

- Rate-Range Adjustments *
- Local-Market Supplement (LMS) *

Performance-Based Pay (Inside Pay Pool)

- WGIs **
 - QSIs **
 - Promotions
 - Annual Bonuses
 - Portion of GPI ***
- Money historically spent

Incentive Awards (Outside Scope of NSPS)

- Special Act
- On-the-Spot
- Time Off
- Etc.

* Funded by annual January pay increase

** Does not exist under NSPS

*** Portion remaining after funding rate-range adjustments and LMS

Performance-Based Pay (Inside Pay Pool)

- WGs
 - QSI
 - Promotions
 - Annual Bonuses
 - Portion of GPI
- } Money historically spent

Example:

DoD Performance Factor Payout (example)

- WGs
 - QSI
 - Promotions
- } = 2.3 %

• Portion of GPI = 1.0 %

+

Performance Incentive Fund (example)

• Annual Bonuses = 1.2 %

Pay Pool Payout Factor (example) = 4.5%

- Discretionary pay funds (DPF)
 - Extraordinary pay increase (EPI)
 - Aligns with payout timing
 - Accelerated compensation for developmental positions (ACDP)
 - May be paid during the appraisal period
 - Organizational/team achievement recognition (OAR)
 - Aligns with payout timing

- The value of the payout is directly proportional to:
 - The number of shares assigned within the pay pool to which the employee belongs
 - The number of shares assigned to the individual employee
 - The salary of the employee
- The value of an employee's payout cannot be exactly determined until the pay panel process is complete.



Performance Payout Calculations

(cont)

- Multiply each employee's salary by the number of shares assigned to him or her, and add the products.
- Divide the dollar value of the pay pool by the result of the above calculation. This provides a decimal factor (ex: 0.01234567).
- For each employee multiply his or her salary by the number of shares assigned and the decimal factor.

$$\gg \text{Salary} * \text{Shares Assigned} * .0123456$$

(example)

- Potential Pay Pool Constructs
 - Along organizational lines
 - Mission/Mission Support
 - By function
 - Career Groups
 - Pay Bands
 - Occupation
 - By geographic location
 - By workforce

- Employees can challenge their own rating of record.
- Two avenues:
 - Administrative reconsideration procedure (available to all employees)
 - Negotiated Grievance procedure (available only to bargaining unit employees)
- Impact if rating changes:
 - Employees will receive the Rate Range Adjustment and Local Market Supplement increases as appropriate
 - Employees will receive the payout on the basis of new rating of record, retroactive to the effective date
 - Will not cause the recalculation of payouts made to other employees